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IN THE

Supreme Court of the United States

OCTOBER TERM, 1932.

No. 565.

PHILIP HURN and PERCY MORGAN, JR.,
Appellants,

vs.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Appellees.

BRIEF ON BEHALF OF APPELLEES ALBERT LEWIS AND SAM H. HARRIS.

O'BRIEN, DRISCOLL & RAFFERTY,
Attorneys for Appellees,
Albert Lewis and Sam H. Harris.

BENJAMIN PEPPER,
of Counsel.

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BRIEF ON BEHALF OF APPELLEES ALBERT LEWIS AND SAM H. HARRIS.

Preliminary Statement.

The nature of this appeal and the facts have been presented to this Court in the other briefs submitted on this appeal. The facts will be referred to only as necessary in the course of the argument.

Question.

In a suit for copyright infringement and unfair competition, between citizens of the same state, where the District Court finds a valid copyright, but no infringement thereof, does the Federal Court have jurisdiction to try a claim that these same non-infringing acts constitute unfair competition?

Discussion.

The problem presented by the foregoing question has arisen most frequently in connection with patent and trademark cases, rather than copyright, and the discussion in this brief will approach the problem from a consideration of these cases.

It may be assumed from the outset that this exact question presented has not been passed upon by this Court and this Court is now called upon to define and reconcile the *apparent* conflict between the constitutional and statutory limitations upon the jurisdiction of the Federal Courts and the doctrine of *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175 (1909).

It may further be assumed that it is the law of this Court that where a suit is begun in the Federal Courts for infringement of trade-mark (or patent) coupled with a claim of unfair competition, and there is in fact no valid trade-mark, the Court has no jurisdiction to hear a claim of unfair competition in the absence of diversity of citizenship.

Elgin National Watch, etc., v. *Illinois Watch, etc.*, 179 U. S. 665 (1901);
Leschen, etc., v. *Broderick*, 201 U. S. 166 (1906).

See also *Schiebel, etc.*, v. *Clark*, 217 Fed. 760, 774 (1914), C. C. A.

It would also appear to be the law, although not expressly declared by this Court, that where a suit is begun for infringement of trade-mark (or patent) coupled with a claim of unfair competition, and the trade-mark (or patent) is found to be *valid and infringed*, the Court may hear the claim of unfair competition even despite the absence of diversity of citizenship provided such unfair competition is established by the same proof as the infringement cause.

The situation now before this Court lies between the two situations stated above. In the case at bar there is a valid trade-mark (copyright); but it is not infringed. There is no diversity of citizenship.

The federal controversy having been resolved by the determination that there has been no infringement of rights created, granted or protected by federal law, does the Federal Court retain jurisdiction to try a purely local question between citizens of the same state?

Appellants answer: Yes.

Appellees answer: No.

In this discussion we shall not dwell upon the cases, too well known to this Court, concerning the limited jurisdiction of the Federal Courts.

The source of power of the Federal Courts is Article III, Section 2 of the Constitution of the United States, and that section confers no power to try controversies between citizens of the same state which do not arise out of or under the Constitution or Laws of the United States.

The claim of unfair competition does not arise under the Constitution or Laws of the United States.

Appellants nevertheless insist that such issue be determined in the Federal Court. It, therefore, becomes imperative for the appellants to establish affirmatively some exceptional basis upon which jurisdiction may be predicated in the face of the general limitation.

If they fail to establish such exception, then it is submitted to this Court that the limitation upon the jurisdiction of the Federal Court must control and the decree below affirmed.

The Appellants' Contention.

The appellants rest their appeal upon the line of cases following *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, and upon *Moore* v. *N. Y. Cotton Exchange*, 270 U. S. 593 (1926).

Summarized briefly, it is as follows:

(1) There is no controlling authority requiring a dismissal of the claim of unfair competition where the copyright (patent, trade-mark) has been found in fact valid and subsisting though not infringed.

(2) The cases of *Elgin Watch Co., supra,* and *Leschen, etc.,* v. *Broderick, supra,* are cases where the trade-mark was invalid and, therefore, there was no foundation for *any* federal jurisdiction.

(3) In the case at bar, however, a valid, federal copyright exists and a substantial *bona fide* controversy having

been tried involving copyright, the Court may also try the claim of unfair competition raised by the pleadings, where injury is claimed by reason of the same facts, even though the infringement claim was denied.

Moore v. *N. Y. Cotton Exchange,* 270 U. S. 593 (1926);

Siler v. *Louisville & Nashville R. R. Co.,* 213 U. S. 175 (1909);

Vogue Co. v. *Vogue Hat Co.,* 12 Fed. (2d) 991 (1926).

Appellees' Position.

It is the position of the appellees that the appellants offer no reason or basis for their last assertion.

The contention—there *was* a *bona fide,* substantial federal controversy in this case, therefore, the Court may hear other non-federal related claims—is a *non sequitur.*

The appellants fail to establish any logical basis for avoiding the categorical and imperative limitation of federal jurisdiction.

1. The cases which they cite are not in point.

2. On the other hand, the finding of lack of infringement definitely terminates the federal controversy and logically terminates all right in the Federal Court to sit in judgment.

The Appellees' Points.

1. The Federal Court was without jurisdiction to try the claim of unfair competition.

(a) Where the jurisdiction of the Federal Courts is invoked by a claim of injury to a right granted under the copyright, trade-mark or patent laws, jurisdiction ceases if it is found that no federal right has been injured, despite the existence of a valid copyright, trade-mark or patent.

(b) The right to retain jurisdiction of a claim of unfair competition in some cases where the trademark or patent is infringed does not arise where there is no infringement.

(c) In principle a decree finding no *infringement* brings the case under the rule of the *Elgin* case, *supra*, and the *Leschen* case, *supra*.

2. The authorities cited by appellants do not support them.

3. Finally—The question of jurisdiction of the Court is not raised by this case because

1. The pleadings and the decision below fail to disclose any issue of unfair competition (*Mosler Safe Co.* v. *Ely-Norris Safe Co.*, 273 U. S. 132 [1927]).

2. The pleadings and the decision below show a claim of use of ideas as unfair competition.

3. It is impossible to determine from the pleadings whether the claim of unfair competition relates to appellants' copyrighted or uncopyrighted work.

POINT I.

In a copyright infringement suit between citizens of the same State where complainant's work is copyrighted but not infringed, the Federal Court is without jurisdiction to try an issue of unfair competition between the parties.

Burt v. *Smith*, 71 Fed. 161 (1895, C. C. A. 2nd);
Illinois W. C. Co. v. *Elgin, etc.*, 94 Fed. 667 (1899, C. C. A. 7th);
Elgin National, etc. v. *Illinois W. C. Co.*, 179 U. S. 665 (1901);
Leschen, etc., Rope Co. v. *Broderick, etc.*, 201 U. S. 166 (1906);

Cushman v. *Atlantis, etc.*, 164 Fed. 94 (1908, C. C. Mass.);
Ross v. *Geer*, 188 Fed. 731 (1911, C. C. N. Y.);
Sprigg v. *Fisher*, 222 Fed. 964 (1915, D. C. Md.);
Plantes v. *Gedney*, 224 Fed. 382 (1915, C. C. A. 2nd);
U. S. Expansion Bolt v. *Kroncke, etc.*, 234 Fed. 868 (1916, C. C. A. 7th);
Burns v. *Automatic Recording, etc.*, 241 Fed. 472 (1916, C. C. A. 7th);
Detroit Show Case v. *Kawneer*, 250 Fed. 234 (1918, C. C. A. 6th);
Payton v. *Ideal Jewelry*, 7 Fed. (2d) 113 (1925, C. C. A. 1st);
Levering v. *Morrin*, 61 Fed. (2d) 115 (1932, C. C. A. 2nd).

(*a*) In the cases cited above there are none *in this Court* in which it was found that there was a valid trade-mark, patent or copyright, but that there was no infringement. Cases presenting such state of facts are found, however, in the District Courts, and in the Circuit Court of Appeals in the First, Second and Seventh Circuits, and even in the Sixth Circuit, and it is submitted that the opinions of the Circuit Courts of Appeals of these circuits in such cases should carry weight with this Court and be highly persuasive.

It is further submitted that the reasoning of the Courts in those cases is unassailable.

In *Sprigg* v. *Fisher*, 222 Fed. 964 (1915), Judge Rose, in the District Court of Maryland, considered the question now before this Court on a motion to dismiss. The complainant had a valid trade-mark, but inspection of the pleadings and papers showed on their face that the mark used by the defendant did not infringe the plaintiff's trade-mark.

The plaintiff urged upon the District Court the same contention now made by the complainant in this principal case, to wit: a charge of infringement was made in good faith and

was a claim over which the Federal Court had jurisdiction, therefore it should adjudicate the claim of unfair competition.

This contention, Judge Rose declared, rested on a confusion between the general power of a court of equity to decide all aspects of a controversy properly before it, and the limitations on federal jurisdiction under the Constitution and laws of the United States.

> "But a federal court cannot decide a controversy to which the judicial power of the United States does not extend merely because the plaintiff has mistakenly assumed that some federal right has been infringed."

In *U. S. Expansion Bolt Co.* v. *Kroncke, supra,* Judge Mack, speaking for the Circuit Court of Appeals of the Seventh Circuit, held that there could be no jurisdiction over a claim of unfair competition in a patent case where the patent was held valid but not infringed.

In the Sixth Circuit, in the case of *Detroit Show Case* v. *Kawneer, etc., supra,* the Court said that where a patent is held invalid there is no jurisdiction over unfair competition. The same result should follow where the patent is *held valid* but not infringed, because jurisdiction is retained only on the theory that such unfair competition is in aggravation and an inseparable part of the infringement and "recovery by way of aggravation of damages otherwise non-existent would seem anomalous."

(*b*) The foregoing leads directly to a consideration of those cases in which the Federal Courts have retained jurisdiction of the unfair competition claim in trade-mark and patent cases. In those cases the Courts not only found a valid patent or trade-mark but found it infringed. The question of retaining jurisdiction over the claim of unfair competition even in such cases gave the Courts concern and in those cases where it was taken it will be found that the infringement and the unfair competition consisted of practically the identical acts established by the identical proof, *e. g.*, in *Ludwigs* v. *Payson*, 206 Fed. 60 (1913, C. C. A. 7th), where the defend-

ant infringed complainants' patent by making moulds of the complainants' locks so that the infringing articles were a replica of complainants' product.

See also:

Adams v. *Folger*, 120 Fed. 260 (1903, C. C. A. 7th);
Woods v. *Valley*, 166 Fed. 770 (1909, C. C. Pa.);
K. W. Ignition Co. v. *Temco, etc.*, 243 Fed. 588 (1917, C. C. A. 6th);
Payton v. *Ideal, etc.*, 7 Fed. (2d) 113 (1925, C. C. A. 1st).

Clearly, complainant does not come within the rule of the foregoing cases, where the retention of the claim of unfair competition is based not only on the existence of infringement, but infringement of such character as to necessarily make it substantially identical with the proof of unfair competition.

(c) *In principle, a decree which finds no infringement is within the rule of the Elgin Watch case and the Læschen case and the Federal Court is without jurisdiction to consider the claim of unfair competition.*

This Court has ruled, in the *Elgin* and in the *Læschen* cases, that the Federal Court is without jurisdiction to hear and try the claim of unfair competition.

Appellants seek to distinguish these cases from the case at bar, on the ground that in the *Elgin* and in the *Læschen* cases the trade-mark was held to be *invalid*. Therefore, there was no basis for federal jurisdiction. In the principal case, however, the appellants assert there is a valid copyright and, therefore, federal jurisdiction may be retained. The distinction, however, between the *Elgin* and the *Læschen* cases and the case at bar is more apparent than real.

As pointed out above, it was the opinion of Judge Rose in *Sprigg* v. *Fisher*, *supra*, that a finding of no infringement eliminated all basis for federal jurisdiction over the claim of unfair competition. It was not the mere existence of a federal right which gave the Court jurisdiction over local

questions. If a federal right was not breached or violated, so that the Court was not authorized to grant relief, there was no basis for jurisdiction over local controversies. In other words, it was not the mere existence of a federal controversy, but the right to relief in such controversy which was essential to the incidental jurisdiction over the local controversy.

This was apparently also the opinion of Judge Knappen in *Detroit* v. *Kawneer, supra* (at p. 240). This expression of opinion by Judge Knappen is of particular interest, since the case was decided in the Circuit Court of Appeals for the Sixth District, the same circuit in which the *Vogue* case was decided, referred to below, and Judge Denison was one of the Judges of the Court.

Judge Knappen declared that, in his opinion, a situation where the patent was held invalid, and a situation where it was held valid but not infringed, were the equivalent of each other, and in each case the Court was without jurisdiction to hear the claim of unfair competition. In other words, in his opinion, also, the test of jurisdiction over a local question was not that a federal controversy was involved, but that right to federal relief had been established.

In the *Elgin* case and in the *Leschen* case, which the appellants seek to distinguish from their own, the complainant had complied with all the statutory formalities necessary to procure a registered trade-mark and secure the protection of the federal law. That is all the appellants mean when they say that they have a *valid copyright.*

In this respect the two cases heretofore decided in this Court, namely, the *Elgin* case and the *Leschen* case, are identical with the case at bar. The appellants, however, seek to attach some mysterious merit to the existence of a *valid copyright*, as distinguished from the determination of the *Leschen* and *Elgin* cases that the trade-mark was invalid. Such an assertion, however, is in conflict with the claim of the appellants that the existence of a valid federal controversy gives the Federal Court the right to determine local questions arising out of the same state of facts, even though the federal controversy be decided adversely to the complainants.

In *Standard Paint Co.* v. *Trinidad Asphalt Co.*, 220 U. S. 446 (1911), this Court declared that where infringement of a registered trade-mark under federal law was charged, this was sufficient to constitute a controversy over which the Supreme Court of the United States had jurisdiction to review; even though it was found that the trade-mark was invalid, the finding of invalidity was not a declaration of the non-existence of a federal right but a decree on the merits.

In *Moore* v. *New York Cotton Exchange*, *supra* (p. 608), this Court said:

> "Jurisdiction is the power to decide a justiciable controversy. * * * A complaint setting forth a substantial claim under a Federal statute presents a case within the jurisdiction of the court as a Federal court; and this jurisdiction cannot be made to stand or fall upon the way the court may chance to decide an issue * * *" (quoting from *Binderup* v. *Pathe Exchange*, 263 U. S. 291).

These cases therefore declare that the registration under federal statute establishes the federal jurisdiction. The decision as to the invalidity of trade-mark is not a decision on jurisdiction but on the merits.

If the appellants' contention here is correct, then the federal jurisdiction was established, and this Court was in error in refusing jurisdiction of unfair competition in the *Elgin* and *Leschen* cases.

If the *Standard Paint* and the *Binderup* cases are correct, then the determination of invalidity in the *Elgin* and *Leschen* cases did not affect the jurisdiction.

The true conclusion from the *Elgin* and *Leschen* cases is that mere conformity with the statute is not sufficient to give a party standing in the Federal Court. He must actually be aggrieved in his rights arising out of such statute; if, as a matter of fact, in an adjudication on the merits, it is found that he is not aggrieved in any rights derived from such statute, then all basis for federal jurisdiction ends. There is

no controversy arising under the Constitution or laws of the United States, and all other issues in the case must be dismissed for lack of jurisdiction.

In principle, the decree of non-infringement in a copyright suit is equivalent to a finding that a trade-mark lacks the qualities necessary to permit its appropriation as a mark, or that a patent does not express invention.

Under the rule of the *Elgin Watch* case and the *Leschen* case it must be held that the Court is without jurisdiction to entertain the claim of unfair competition and the decree below should be affirmed.

POINT II.

The authorities relied on by appellants do not support their position.

Appellants rely on two authorities to support their position before this Court:

1. *Siler* v. *Louisville, etc.*, 213 U. S. 175 (1909), and a line of cases following it;
2. *Moore* v. *N. Y. Cotton Exchange*, 270 U. S. 593 (1926).

The *Siler* case is clearly no authority in the situation in which the appellant now seeks to apply its language.

We need not point out that the language of that case, sought to be invoked here as the guiding principle, is *dictum*, nor need we rest merely upon the distinction that the case is one involving a question of constitutionality, and, therefore, fundamentally *sui generis*.

In the *Siler* case there was only one ultimate question to be determined, namely, the validity or invalidity of the rates imposed. This question depended on a number of subsidiary questions, local and State, before the federal constitutional question was reached. The determination of the State ques-

tion disposed of the entire case and made it unnecessary to decide the larger issues.

In the case at bar, neither copyright infringement nor unfair competition are preliminary to each other; the decision of either one does not decide the other claim. This is established by the existence of this very appeal and establishes *ipso facto* the distinction between this case and the *Siler* decision.

The language of the *Siler* case must be limited to its facts and not to a case involving various independent claims, some of which arise under federal statutes and some of which are purely local.

> *U. S. Expansion Bolt Co.* v. *Kroncke, supra;*
> *Sprigg* v. *Fisher, supra;*
> *Mecky* v. *Grabowski,* 177 Fed. 591 (1910).

Appellant relies to a considerable extent upon the *Moore* case. The argument is substantially as follows: In the *Moore* case the Court adjudicated a counterclaim between citizens of the same State which did not arise under the United States Constitution or its statutes. If the Federal Court has power to hear a counterclaim solely by reason of the jurisdiction of the case acquired by matters alleged in the complaint, it must have the same power to entertain claims arising out of the same subject-matter when comprising a part of the plaintiff's claim.

It is submitted that there are several answers to this. *In the first place:* On the facts, a situation created by a rule dealing with counterclaims cannot be extended to other situations. *Two:* In the *Moore* case, this Court pointed out that the allegations of the complaint and of the counterclaim were but obverse sides of the same shield. Adjudication of the *claim* necessarily determined the *counterclaim, i. e.,* if the proof established that the plaintiff was not entitled to obtain the quotations, it must necessarily have established the defendant's right to enjoin the appropriation.

In this respect, the case may be assimilated to the rule in *Ludwigs* v. *Peyson, supra,* and cases cited in this brief (p.

7), where it was held that the Court would decide a local question proven by the same evidence required to establish the federal claim.

In the third place: Despite appellant's assertion to the contrary, the claim presented by him is an independent claim coming within the second branch of Equity Rule 30, as to which federal jurisdiction independent of the original bill must appear.

The *Moore* case is a case of the application of Equity Rule 30 to a particular counterclaim. It should be limited strictly to its facts, and under any view of the case appellant does not come within its scope.

Vogue v. *Vogue Hat Co.*, 12 Fed. (2d) 991 (1926).

The only case which *ostensibly* gives the appellant any direct support is the *Vogue* case. This support is given not by decision but by the gratuitous discussion and dictum of Judge Denison. In this discussion Judge Denison is in conflict with the decision in *Detroit* v. *Kawneer, supra,* in his own circuit, in which case he sat.

Furthermore, the reasoning of the learned Judge in that case cannot be sustained, since the entire discussion is premised upon the proposition that the claims of infringement and of unfair competition are single and are merely "two alternative or combined theories for supporting this single demand for relief."

It is submitted that this proposition is entirely erroneous. A claim of infringement is based solely upon the marks or patents themselves and their similarity. Intent and actual deception are immaterial in infringement claims. Fraud upon the public and deception are of the essence of unfair competition, and intent is probably also such essential element.

The two claims are not identical; the relief sought is not single; the determination of one question does not effectively dispose of the entire controversy.

Stark v. *Stark*, 289 U. S. 50;
Cushman v. *Atlantis, etc.*, 164 Fed. 94.

POINT III.

The question of the jurisdiction of the Federal Court is moot and irrelevant because it is not raised by the record.

It is the appellee's contention under this point:

1. That the pleadings fail to disclose a case of unfair competition separate and apart from the claim of plagiarism (*Mosler Safe Co.* v. *Ely-Norris Safe Co.*, 273 U. S. 132 [1927]).

2. The claim of copyright infringement is equivalent to the claim of unfair competition and the decree below disposed of the question.

3. It is impossible to determine from the pleadings whether the claim of unfair competition relates to appellants' copyrighted or uncopyrighted work.

1. In the discussion of this point it becomes necessary to scrutinize the record in some detail and particularly the complaint. The original complaint on its face apparently seeks to allege merely a claim of copyright infringement (R. 2 ff.). The appellants allege their copyright and exclusive rights in the play "The Evil Hour" (R. 2, 3). Beginning with paragraph Seventh, appellants allege that the defendants have copied and appropriated

> "the complainants' original and unique underlying idea * * * and the expression of same" (R. 4).

The complainants further allege (par. Eighth) that the defendants Oursler and Brentano have falsely represented themselves to be the authors of "The Spider," the infringing play.

"*The use of the conception,*" to wit, a spiritualistic seance with the audience taking part, were added to "The Spider" after knowledge of complainants' play and is extensively advertised (par. Tenth, R. 5). (Italics ours.)

The defendants' conduct has used up the market for original features and novel and basic ideas and conception of the complainants, as well as incidents, scenes, etc., and has prevented future exploitation (par. Fourteenth, R. 6).

On the opening day of the trial the complainants were allowed to amend the complaint (R. 2, No. 5, and R. 15).

The substance of these amendments was to allege a new revised version of complainant's work, unpublished and uncopyrighted. The amendment further altered paragraph Fifteenth of the complaint to read as follows (R. 16):

> "FIFTEENTH: That the wrongful acts of the said defendants as hereinabove set forth are wrongful and continuing, and have all taken place in the City of New York and within the jurisdiction of the Southern District Court of New York and are in violation of the rights of the complainants herein at common law and in equity, *and constitute unfair business practices and unfair competition against the complainants herein*, as well as of the copyright laws of the United States. * * *." (Italics indicate amendment.)

After a trial Judge Mack found that the defendants' play "did not infringe in any way upon the plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiffs' copyrighted play 'The Evil Hour' in contravention of the Copyright Law of the United States" (Finding 9, R. 19), and that Oursler and Brentano are the authors of "The Spider."

The effect of these findings and the decree is to hold that Fulton and Brentano did not *falsely* represent themselves to be the authors of "The Spider," and that such representation was truthful. It has the further effect of declaring that defendants' play did not appropriate or copy the form of expression of any part of complainants' play.

The question arises: What is the unfair competition alleged in the complaint? There is no complaint that the defendants are palming off the complainants' work on the public as their own (*International News Service* v. *Assoc. Press*, 248 U. S. 215). The decree effectively disposes of that

contention. The defendants are presenting to the public what is their own. There is, of course, no claim that they are palming off their own play as the work of the complainants. There is no claim that anyone is deceived.

All that is left of the complaint is the assertion that the defendants are using the "*conception*" of a spiritualistic seance with the audience taking part for the purpose of detecting a murderer; but, by virtue of the decree, if the defendants are doing this, it is done in such way as to result in a new, different and entirely separate literary work. This work is the sole and exclusive property of the defendants, and they are selling it as such. There is no allegation that plaintiffs were induced to disclose their conception by any unfair means.

These facts come squarely within the doctrine of *Mosler Safe Co.* v. *Ely-Norris Safe Co., supra.*

There is no unfair competition in such a situation. The language of Justice Brandeis in *International News Service* v. *Associated Press*, 248 U. S. 215, 257, expresses the controlling rule.

> "To appropriate and use for profit, knowledge and ideas produced by other men, without making compensation or even acknowledgment, may be inconsistent with a finer sense of propriety; but, with the exceptions indicated above, the law has heretofore sanctioned the practice. Thus it was held that one may ordinarily make and sell anything in any form, may copy with exactness that which another has produced, or may otherwise use his ideas without his consent and without the payment of compensation, and yet not inflict a legal injury; and that ordinarly one is at perfect liberty to find out, if he can by lawful means, trade secrets of another, however valuable, and then use the knowledge so acquired gainfully, although it cost the original owner much in effort and in money to collect or produce" (Brandeis, J., in *International News Service* v. *Associated Press*, 248 U. S. 215, 257, and cases cited).

The petitioners' claim of unfair competition without plagiarism, *as alleged in the pleadings before the Court,*

amounts to an assertion that it is unfair to appropriate or utilize the ideas or conceptions of others even though such ideas are expressed in such new and original form as to constitute an independent literary work. *No court* has yet established such monopoly in ideas and no case cited by the appellant so holds.

The petitioners' claim of unfair competition without plagiarism is equivalent to an assertion of the right to monopolize an idea or a "conception." This Court has not recognized such right.

2. If there is any element of unfair competition in this case, it has been disposed of by the decree below. A claim of copyright infringement is a claim of unfair competition, and this claim has been decided and is no longer in the case.

Judge Hough pointed out, in *Dymow* v. *Bolton*, 11 Fed. (2d) 690, that there was no statutory definition of plagiarism or copyright infringement. The test which he laid down is:

> "Copying which is infringement must be something 'which ordinary observation would cause to be recognized as having been taken from' the work of another."

Such a test is, however, substantially the test of palming off, it is the test of unfair competition, and illustrates the basic truth that patent infringement, trade-mark infringement and copyright infringement are but specialized aspects of the broad principles of unfair competition. Therefore, any question of unfair competition by reason of the acts alleged in the complaint, i. e., appropriation of complainant's ideas, material, etc., have all been tried and disposed of.

The difficulty in the present case arises from the fact that the complainants have alleged unfair competition purely as their own conclusion of law, and *it is not until the complaint is analyzed is it demonstrable that the claim is not for unfair competition but for the use of a concept or idea of a seance.*

3. It is not possible to determine from the pleadings whether complainants' claim of unfair competition relates to the appellants' copyrighted play or their uncopyrighted play.

The appellants have endeavored at all times to stress the claim that the unfair competition and the alleged copyright infringement arise out of the same transactions and relate to the same subject-matter. It is apparently clear in the appellants' mind that the Federal Court would have no jurisdiction if the alleged unfair competition related to different subject-matter, to wit, the uncopyrighted play. Even the doctrine of the *Siler* case and the *Moore* case would not extend so far.

The effect of the amendments on pages 15 and 16 of the record however make it quite impossible to tell whether unfair business practices and unfair competition, asserted in paragraph Fifteenth as amended, arise out of the use of the copyrighted manuscript or the uncopyrighted manuscript. The Court below, therefore, very properly could not take cognizance of a claim so completely foreign to all federal jurisdiction.

CONCLUSION.

(1) Jurisdiction in the Federal Court in controversies between citizens of the same state is limited to claims arising under the Constitution and Statutes of the United States.

(2) The power of the Federal Court in some cases to determine a local question exists only where a federal wrong has been committed and where the right to *judicial* relief under the Constitution and the Laws of the United States has first been established, and where the local claim is established by substantially identical proof required to establish the federal claim.

(3) Even though a claim is made in good faith in the Federal Court under the Constitution and the Laws of the United States if, as a fact, it is determined that no federal right is breached or violated, and no basis for relief by the Federal Courts is found, the Court may not adjudicate local questions independent of the federal question, even though allied or related.

(4) The jurisdiction to determine local questions must depend upon the right to judicial relief in the Federal Court and does not depend merely upon the existence of a *bona fide* federal controversy.

(5) *In the case at bar, the decree below established that there was no infringement of copyright, and the basis of federal jurisdiction, therefore, disappeared from the case.*

The Court was without power to hear an independent claim, between citizens of the same state, not arising under the laws of the United States.

The decree below should be affirmed.

Respectfully submitted,

O'BRIEN, DRISCOLL & RAFTERY,
Attorneys for Appellees Albert Lewis and Sam H. Harris.

BENJAMIN PEPPER,
of Counsel.